



**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, October 18, 2016

**Kiva Forum - City Hall
3939 N. Drinkwater Boulevard
Scottsdale, Arizona 85251
DRAFT MINUTES**

PRESENT: David Scholefield, Chairperson
Ren Hirose, Vice Chairperson
Frank Ashmore
Linda Dillenbeck
Carl Grupp
Camille Hill
Robert McCreary

STAFF: Steve Geiogamah
Karen Churchard
Lee Guillory
Jeff Nichols
Dan Worth

GUESTS: Diana Larowe, Arizona Asian Festival
Patricia Carstens, Arizona Asian Festival
Donna Isaac, Scottsdale Public Art
Deborah Fiorentino, West 54th Media Group

1. Call to Order/Roll Call

Chairperson Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:01 a.m., and noted the presence of a quorum.

2. Approval of Minutes

- September 20, 2016 Regular Meeting

Chairperson Scholefield requested three changes.

**COMMISSIONER MCCREARY MOVED TO APPROVE THE MINUTES OF THE
AUGUST 16, 2016 REGULAR MEETING AS AMENDED. COMMISSIONER GRUPP**

SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

3. Manager Reports

a. Staff Bed Tax Report

Steve Geiogamah reported that bed tax collections are up 16%, while year to date collections are up 13%. Restaurants are up YTD by 5%, and miscellaneous YTD retail tax collections are up 3%. He noted that classification changes were made to several properties in July, and presented a comparison between pre and post change numbers. Resorts are up 11.5% according post change, and up 12.5% pre change. Full service properties were up 6.9 post change, and up 7.9% pre change. Limited properties were up 11.9% post change, compared to almost 15% pre change. Staff is still in the process of evaluating the best way to present this data.

b. Bed Tax Proforma

Mr. Geiogamah indicated a change to the proforma that provides an estimate for FY 2016/17.

Chairperson Scholefield suggested notating the point when actual numbers become final numbers. Vice Chairperson Hirose inquired about the allocation for the Food and Wine Festival. Mr. Geiogamah said City Council will consider it on October 25. The allocation will be added to the proforma next month, as will the Grand Prix event, depending on City Council's decisions. Lee Guillory noted that the proforma shows the total potential Museum of the West liability as \$800,000. The final payment will be made in FY 2017/18.

c. Smith Travel Report

Mr. Geiogamah stated that the average daily rate for the 12 months prior to August was up 1.2% compared to the prior year. Revpar was up at 1.1%. Occupancy was relatively flat -0.1%. Group travel revpar was flat at -0.5%, while occupancy was down at -2.1%.

Chairperson Scholefield inquired about STR data that would differentiate between northern and southern Scottsdale properties. Mr. Geiogamah responded that staff has prepared a draft map that could be used to categorize properties geographically.

d. Program Updates

Mr. Geiogamah said City Council approved the Tourism Strategic Plan budget contingency transfer of \$745,000 on October 10. Tourism staff has been working with Legal and the Planning Department to update the Sign Ordinance. Open houses will be scheduled in early December for initial public feedback.

Chairperson Scholefield requested that the TDC be kept apprised of any changes to the Sign Ordinance. He inquired about potential impacts to the bed tax proforma. Mr. Geiogamah responded that none are anticipated.

4. Event Funding Program Recommendations

Mr. Geiogamah presented four funding recommendations from the Event Working Group. All four are community events.

a) Arizona Asian Festival

The festival will take place on December 3 and 4 at the Civic Center Mall. Attendance last year was 6,000; 8,000 are anticipated this year. The recommendation last year was for \$15,000, and the working group recommended \$11,000, which includes a 10% seasonality incentive.

b) Parada del Sol Rodeo

Parada del Sol Rodeo takes place at WestWorld and attendance last year was over 10,000. Recommended funding is \$20,000, which is the same as last year.

c) Scottsdale Culinary Festival

The festival takes place from April 7 through 9 at Civic Center Mall. Attendance last year was 28,500. Between 25,000 and 30,000 are anticipated this time. The funding for last year was \$15,000, and the working group recommended \$15,000 this year.

d) ArtWalk Gold Palette

This series encompasses seven specific events that take place throughout the year in conjunction with the ArtWalk. The anticipated attendance is between 7,000 and 10,000. Last year's funding was \$30,000, and the recommendation this year is \$31,286, which includes a 10% seasonality incentive.

Diana Larowe, with the Arizona Asian Festival, said the festival is requesting \$15,000, the same amount as last year, and the budget was prepared with that amount in mind. She addressed the working group's concern over the festival's marketing efforts, particularly the website. The festival will expand this year, as will the marketing effort. The website has been changed to make it more vibrant and forthcoming. Over 1,000 postcards a month have been mailed to Scottsdale residents since August. An email blast through Facebook has generated over 8,000 likes so far, and over 1,200 of the respondents have said they will be coming. Students from Mesa Community College have helped boost the social media campaign. Flyers have been posted throughout the Valley. Networking efforts are planned at Mekong Plaza, the Diversity Expo, and other locations. Ads will appear in local Asian-American newspapers. The additional funding would be used to produce an overhead street sign on Scottsdale Road. Festival information will be delivered to Scottsdale resorts and hotels. The Taiwanese Little League Baseball Team will appear on Sunday. Patricia Carstens said the festival is distinctive in that it features 16 Asian cultures in one place.

Commissioner Hill inquired about the target demographic for the Arizona Asian Festival. Ms. Larowe said it is appropriate for people of all ages from the general population. The mission of the Arizona Asian-American Association is to increase the public's awareness of Asian cultural diversity present in the state. It is also a great opportunity for the

various Asian-American communities to interact with each other and build a sense of pride and unity.

Vice Chairperson Hirose inquired about the number of outside visitors. Ms. Larowe explained that the intent is to capture that information to a greater degree this year. Chairperson Scholefield encouraged event planners to include all relevant information in the applications, as it will make the evaluation process much easier. Ms. Larowe noted that the new application does not ask for marketing plan information.

Commissioner Ashmore inquired about the event sponsors. Ms. Larowe explained that State Farm is sponsoring at the \$5,000 level, Boeing at \$3,000, while Edward Jones and SRP will also be supporting. Delta Airlines will not be able to participate this year. Mr. Geiogamah noted that the current program criteria require Scottsdale to receive the same recognition that other sponsors would receive at the same level. Ms. Larowe added that Scottsdale is effectively the title sponsor.

COMMISSIONER DILLENBECK MOVED TO APPROVE THE EVENT FUNDING RECOMMENDATIONS AND INCREASE THE ARIZONA ASIAN FESTIVAL ALLOTMENT TO \$15,000 PLUS THE 10% SEASONALITY INCENTIVE. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

5. Tourism Strategic Plan Update

Karen Churchard reported that work has begun on a western event, a Cactus League luncheon, and Scottsdazzle. A general summer promotion is being created for downtown Scottsdale.

Commissioner Dillenbeck questioned the need to target baseball fans at a time of year when the Valley is already filled with them. Ms. Churchard explained that the San Francisco Giants want to work with Scottsdale to boost attendance during the first week of spring training, and there is strong support for promoting Scottsdale as a year-round baseball destination with fall and summer leagues as well. Vice Chairperson Hirose felt the emphasis should be on the summer and fall leagues, since they are not being held during the peak season.

Chairperson Scholefield inquired about the need to protect funds to write, manage, and execute the next strategic plan. Mr. Geiogamah explained that in the past, \$100,000 has been allocated for that purpose. Generally, the TDC has funded the execution of the strategic plan, and staff has implemented it. A different approach was used last time in that a consultant was brought on to help manage the process. Staff is still evaluating the best approach moving forward. Chairperson Scholefield felt that money should be set aside soon, as a number of different uses are already being suggested for it. Ms. Churchard said staff would return with a recommendation next month.

6. FY 2017/18 Tourism Program Out of Budget Preparation

Karen Churchard requested TDC feedback on proposed uses for out of budget bed tax funds. One idea is to increase money in the administration/research budget to hire a communications/marketing person who would specialize in promoting local events and

attractions. The research program would also be upgraded. Another idea is to increase event funding development budget to allocate money towards some of the City of Scottsdale events that are emerging from the strategic plan.

Vice Chairperson Hirose said Scottsdale has many good events that could become great ones if they were more extensively marketed with the help of a specialist. Commissioner Dillenbeck asked whether any of the Scottsdale events could be grown into signature events. Ms. Churchard responded that discussions have been held regarding that subject, but there are gift clause issues that must be considered.

Chairperson Scholefield said the TDC in principle supports both ideas, but reserves the right to provide feedback on actual dollar amounts and proposed changes to criteria. If the TDC is to request an adjustment to Article 21(a), the entire article should be reviewed to determine whether other changes are necessary. Ms. Churchard said she would return in November and December with updates.

7. WestWorld Master Plan Update

Dan Worth, Public Works Director, made a request for \$300,000 in Tourism funding to develop a Municipal Use Master Site Plan (MUMSP) for WestWorld. The MUMSP has two different purposes: zoning of City property; and traditional planning for Scottsdale's Bureau of Reclamation (BoR) land. The planning process helps develop the investments that the City makes in a way that best helps a very diverse group of stakeholders. A master plan update is a necessary first step that would precede any investment plan that includes new capital projects. The last master plan for WestWorld was done in 2007, which was itself an update of a previous plan from 2003. An investment strategy was developed for that plan, and the new amenities were built. It is now essentially built out.

Mr. Worth said the list of proposed projects includes 13 different capital investments, some of which were proposed by WestWorld staff, but nine of which were explained by Jason Rose in a previous presentation made to the TDC. Not including ten acres of land that could be acquired along Bell Road, about \$4.5 million worth of capital investment is being proposed. The money could come from the General Fund, but that route would slow the planning process down considerably as they would have to compete with many other priorities citywide. If investments are found to hold genuine tourism benefits, the bed tax route would be the quickest way to fund the MUMSP.

Commissioner Grupp stated that some of the projects seem more relevant to attracting tourist business than others, and he asked whether the proposal is on an all or nothing basis. Mr. Worth responded that the cost of developing the MUMSP will be similar regardless of the projects considered. The plan will prioritize the project list and choices will be made depending on the amount of money available to build them. Commissioner Dillenbeck inquired about the APS power lines matter. Mr. Worth explained that the undergrounding project would benefit the business park to the north, but not WestWorld itself. The cost to remove the visual obstruction of the power lines near WestWorld would cost a significant amount of additional money and would require BoR approval.

Commissioner Hill inquired about the estimated cost of the Bell Road land acquisition. Mr. Worth noted that the BoR process can take a year, but if the parcel was bought today, it would probably cost between \$7 million and \$8 million. At least two studies have pointed out the viability of using the area along Bell Road as the main entrance, instead of 94th Street.

Vice Chairperson Hirose felt that the proposed improvements would benefit more than just tourism, and not all of the money should come from the bed tax. Planning is important, but it could take a couple of years. Not all of the projects need a master site plan. Having \$300,000 tied up in a plan that might go nowhere would take that money away from amenities that have already been identified as tourist-related and business generating. Mr. Worth listed the projects that would not need a master site plan. He clarified that staff intends to initiate the MUMSP at the November City Council meeting. Several projects have already been submitted to the CIP budget and will move through that process concurrently with the MUMSP. They can be adjusted according to the identified needs of stakeholders. The MUMSP will take a year to complete.

Commissioner Hill noted that some of the projects on the list would have enabled WestWorld to pursue certain types of business had they been in the inventory earlier. Mr. Worth said the planning process is designed to identify the priorities of stakeholders, and staff will seek the Commission's input on projects that would have the greatest tourism impact. Chairperson Scholefield asked where the **money came from in 2003 and 2007. Mr. Worth said that 2003 was before his time but he believes it was from the capital program. In 2007 it was from some of WestWorld's budget and capital budget and not from bed tax. Chairperson Scholefield asked for clarification that the reason they are asking for bed tax is due to the time restraint. Mr. Worth concurred.** Mr. Worth explained that standard sources such as Bed Tax, the General Fund, and general obligation bonds could be used.

Mr. Geiogamah noted that the TDC could opt to take the money from the carryover fund, which is the largest available source. A combination of funding sources is also possible.

Commissioner Grupp proposed a motion in favor of using bed tax money to fund a portion of the cost, while having staff seek out non bed tax sources for the remainder. He found it hard to justify spending \$300,000 on projects that would not generate that much tourism business. Commissioner Hill seconded that motion, but then proposed an alternative motion that the Commission voted on.

COMMISSIONER HILL MOVED TO APPROVE THE ALLOCATION OF \$150,000 IN CARRYOVER BED TAX FUNDS TO SUPPORT THE MUNICIPAL USE MASTER SITE PLAN. COMMISSIONER DILLENBECK SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO TWO (2), WITH VICE CHAIRPERSON HIROSE AND COMMISSIONER ASHMORE DISSENTING.

8. Canal Convergence Event Update

Donna Isaac, Director of Scottsdale Public Art, said Canal Convergence is a unique public art experience produced annually at the Waterfront. Attendance has been building each year and it has been gaining international recognition. It grew by 84% last

year and is poised to become a destination event in the next year. This event offers an opportunity for residents and visitors to experience art in a public space, created by nationally and internationally recognized artists. People can interact with art, participate in workshops, and experience live music and performances. It is intended for people of all ages. For the first time, advertising exposure was received outside Arizona, including Colorado, Canada, Australia and South Korea. More artists of international renown are being drawn to Canal Convergence as its reputation grows.

Ms. Isaac said the Saturday Evening Twilight Performance is so well known that it draws hundreds of people on its own. Los Trompos, by Héctor Esrawe and Ignacio Cadena, will be installed in November in support the Scottsdazzle holiday event, and reconvene for Canal Convergence. This year, artists are coming from California, France, Canada, Ukraine, and Belgium. Artists are traveling with their studio teams and 200 room nights are being booked by them. Many are presenting art in the U.S. for the first time.

Commissioner Dillenbeck asked whether artists are paid to exhibit. Ms. Isaac said they are all under contract and the festival pays their expenses. Commissioner Grupp inquired about the possibility of stretching it into a year-round event. Ms. Isaac said expansion has been discussed, but significant costs are involved.

Chairperson Scholefield inquired about the possibility of negotiating to keep the structures installed, as they would add to the night life along the canal. Ms. Isaac said the commission has specifically been arranged for Canal Convergence, and the works often go on to other places after the event. Maintenance is an issue with many of the works because they are in the water. Scottsdale has already purchased Los Trompos. It is now part of the City's collection and can be brought back for moments of activation. Chairperson Scholefield stated that if cost is the main concern, perhaps sponsors could be found. The TDC would also be willing to consider supporting works that add to the ambiance of downtown.

9. CRUSHBREW Festival Event Proposal

Vice Chairperson Hirose recused himself from this discussion.

Deborah Fiorentino, West 54th Media Group, requested \$35,000 in event development funding to support the CRUSHBREW Festival, a two-day event taking place at the Waterfront on February 18 and 19, 2017. This will be the second year of the festival, which attracted 4,200 people last year. Eighty craft beverage exhibitors and ten bands will be featured. Eleven brewers will be in attendance. Six wood-fired pizza chefs will compete in a contest. The event generated more than 100 room nights, and received more than 3.5 million media impressions over a two-month marketing period. The organizers alone injected \$150,000 of economic benefit into the community just by producing the event. Attendees came from California, Texas, Oregon, Colorado and Pennsylvania, and sponsors were drawn from across the nation.

Ms. Fiorentino noted that last year's festival was held on a Friday/Saturday, which created some logistical problems and also led to lackluster attendance on Friday. This year's festival was shifted to Saturday/Sunday. Tickets are \$50 for general admission, and \$90 for VIP. It is projected that 5,000 GA tickets will be sold this year, along with

500 VIP. An invitation-only Maker Celebration will be held on Friday, February 17 at Casablanca Lounge. The number of tasting tents will be reduced to leave more room for navigation. Mixologists will hold demonstrations. The festival will partner with the W Hotel on an after party and a Sunday brunch. This year's event will have more of a culinary aspect to it, and be focused on Scottsdale restaurants and chefs.

Ms. Fiorentino stated that CRUSHBREW embraces the craft beverage revolution, and provides consumers with an opportunity to taste various small batch beverages from across the country at once. Crafters are encouraged to staff the booths and meet the public. It is as much an education event as a tasting festival. Craft brewing is playing a role in tourism around the nation. Downtown Scottsdale has an emerging craft beverage scene, and there is opportunity to turn it into a hub for the industry. W Hotel and Marriott Suites have extended special rates to festivalgoers. Reservation links are provided on the event website.

Ms. Fiorentino explained that the print media advertising includes a range of local press, as well as national publications within the industry. On the digital front, an aggressive email marketing campaign will begin in January. The emails will drive traffic to area restaurants. A heavy social media campaign will run on Facebook, consisting of sponsored ads and boost posts, both locally and in targeted cities. A Google ad campaign is also planned. A multi-year partnership has been signed with CBS Radio, who will promote the event locally and help bring in national sponsors. An outreach street team will pass out promotional flyers at events within a driveable range leading up to CRUSHBREW.

Ms. Fiorentino said Fortune 100 brands from across the country are being presented with sponsorship opportunities. Craft beverage representatives from nine states as well as Australia, Italy, New Zealand, and Spain will participate.

Commissioner Grupp queried whether there will be a focus on Arizona, especially the wine scene. Ms. Fiorentino responded that nine Arizona wineries participated last time. This year, an area called State 48 will showcase all the Arizona wineries, breweries and distilleries. Commissioner Grupp asked whether the Portland, Denver and Austin markets are specifically being targeted for outreach, considering their positions in the craft beverage industry. Ms. Fiorentino responded that they absolutely will.

Commissioner Hill felt that the marketing efforts should start sooner than January to give people more time to plan a trip to Arizona. Ms. Fiorentino said marketing starts in December; it is just the email campaign that will start in January. Commissioner Ashmore inquired about other sponsorship money that has been raised for the event. Ms. Fiorentino reported that so far, \$22,000 has been sold in sponsorships, but the sales effort is ongoing. All branding makes mention of downtown Scottsdale.

Chairperson Scholefield called for a motion, but none was forthcoming. Ms. Fiorentino inquired about the Commission's concerns. Commissioner Ashmore felt personally that \$35,000 was too much for the number of people brought in, and noted that a very narrowly focused demographic is targeted. Commissioner Dillenbeck concurred. Commissioner Ashmore suggested that \$5,000 would be a good starting point to see if the event can be expanded, and more Scottsdale restaurants involved.

Mr. Geiogamah stated that the TDC would have opportunities to increase the allocation next year. He suggested that staff could work with the producers and return with a modified proposal next month. If the allocation falls below \$30,000, the money would have to come from another fund. Commissioner Hill noted that the event more than qualifies under the marketing expenditure criterion.

COMMISSIONER ASHMORE MOVED TO APPROVE FUNDING IN THE AMOUNT OF \$5,000 FOR THE CRUSHBREW FESTIVAL. COMMISSIONER DILLENBECK SECONDED THE MOTION. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ONE (1), WITH COMMISSIONER HILL DISSENTING. VICE CHAIRPERSON HIROSE RECUSED HIMSELF.

10. Public Comment

Public comments addressed in Item 4.

11. Identification of Future Agenda Items

The next scheduled meeting is November 15, 2016. Possible agenda items include an update on the Strategic Plan, and a review of Financial Policy 21(a). In the near future, the TDC will have a discussion on revised guidelines for the New Event Development Program. Vice Chairperson Hirose requested a report on the marketing plan for the Museum of the West for either November or December.

Adjournment

The meeting adjourned at 10:11 a.m.

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TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, November 15, 2016

**Kiva Forum - City Hall
3939 N. Drinkwater Boulevard
Scottsdale, Arizona 85251
DRAFT MINUTES**

PRESENT: Ren Hirose, Vice Chairperson
Frank Ashmore
Linda Dillenbeck
Carl Grupp
Camille Hill
Robert McCreary

ABSENT: David Scholefield, Chairperson

STAFF: Steve Geiogamah
Karen Churchard
Lee Guillory
Paul Basha
Cheryl Sumners

GUESTS: Rachel Pearson, Experience Scottsdale

1. Call to Order/Roll Call

Vice Chairperson Hirose called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:00 a.m. and noted the presence of a quorum.

2. Approval of Minutes

- October 18, 2016 Regular Meeting

COMMISSIONER MCCREARY MOVED TO APPROVE THE MINUTES OF THE OCTOBER 18, 2016 REGULAR MEETING AS PRESENTED. COMMISSIONER DILLENBECK SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). CHAIRPERSON SCHOLEFIELD WAS ABSENT.

3. Reconsideration of Funding Recommendation for CRUSHBREW Festival Event

Vice Chairperson Hirose recused himself from this discussion.

Steve Geiogamah stated that in October, the Commission agreed to allocate \$5,000 in New Event Development funding to the CRUSHBREW Festival. Event producers had requested \$35,000. He explained that the guidelines approved by the Commission in June 2016 require that New Event Development funding recommendations fall between \$30,000 and \$75,000. As a result, this matter has been brought before the TDC for reconsideration. Three options are available to the TDC:

- 1) Approve the requested \$35,000
- 2) Not approve any amounts
- 3) Approve a different amount between \$30,000 and \$75,000

Mr. Geiogamah noted that the TDC has received an evaluation report examining the value of the event. Staff has reviewed the proposal to confirm that it meets all the guidelines and criteria for new event development, and that it does not violate the gift clause.

Commissioner Ashmore said he initially supported this event because he felt it would draw new business and traffic to the downtown area, but he has since learned it is a piggyback event that is being held the same time as Arizona Beverage Week. He now feels that attendance will not be high enough to support either the \$35,000 request or the \$30,000 minimum. This allocation will not benefit the taxpayers as much as it could if expended elsewhere.

Commissioner McCreary inquired about sponsorship support for CRUSHBREW. Mr. Geiogamah responded that they have currently secured about \$20,000 of their \$100,000 goal. Commissioner Hill said CRUSHBREW is a very well organized and produced event that should be welcomed in Scottsdale. She proposed allocating \$30,000, saying that the piggybacking decision shows creativity, and that having multiple events in one area could draw more people.

Commissioner Grupp said it would be difficult for him to support this much funding to an event that is being held during the peak season. The amount of room nights generated is insufficient to justify the allocation. Commissioner Hill countered by saying that the funds are available, and if left unexpended could become targeted for other uses besides stimulating the economy. Commissioner McCreary said CRUSHBREW seems to him to be more commercial than other events that the TDC has funded in the past. Commissioner Ashmore said the main problem he has with piggybacking is that the attendees will already be downtown spending money. It will not draw anybody new to the area.

COMMISSIONER HILL MOVED TO RECONSIDER FUNDING IN THE AMOUNT OF \$30,000 FOR THE CRUSHBREW FESTIVAL. COMMISSIONER DILLENBECK SECONDED. THE MOTION FAILED BY A VOTE OF TWO (2) TO THREE (3), WITH COMMISSIONERS ASHMORE, GRUPP AND MCCREARY DISSENTING. VICE CHAIRMAN HIROSE RECUSED HIMSELF. CHAIRPERSON SCHOLEFIELD WAS

ABSENT. AS A RESULT OF THIS VOTE, CRUSHBREW WILL NOT RECEIVE EVENT SUPPORT FUNDING.

4. Downtown Trolley Update

Paul Basha, Transportation Director, stated that the Downtown Trolley began running at ten-minute intervals late October of 2015 using hotel bed tax funds. Staff has now had the opportunity to analyze one full year's worth of ridership data. In March of 2016, the TDC opted to discontinue the Day Tripper and the Scottsdale Road hotel trolleys. Staff recommended instead that \$300,000 in bed tax revenue be used to help fund the Downtown Trolley, while transportation sales tax revenue would fund another trolley connecting Scottsdale Fashion Square with Scottsdale Community College. The TDC recommended against this idea, but the City Council approved it and it was implemented last fall.

Mr. Basha said the survey was conducted for eight months and involved approximately 800 riders in 40 different periods. Approximately 7% were from outside the U.S. and Canada, while 16% were from Canada. Less than half were from states other than Arizona. About 10% were from Arizona outside of Scottsdale, and most of these were from Phoenix. Roughly one quarter of riders were Scottsdale residents.

The survey also showed that 92% of riders were engaged in tourist activities. Approximately 7% were using the trolley for work purposes, and a small percentage for other purposes. Fashion Square, as the starting point, was by far the most popular stop. Many people were riding the trolley simply to see downtown. The Main Street Old Town and Museum of the West stops were among the more popular. Most frequently, people learned about the trolley by word of mouth and street signs.

Mr. Basha compared three months of peak season data for the Downtown Trolley with the Day Tripper's three-month schedule. The downtown trolley had double the total number of riders as the previous Day Tripper, and had between 2.5 and 3 times as many tourist riders as Day Tripper did. Considering the total cost of the trolley compared to the number of riders, the Day Tripper was over \$13 per rider, while the Downtown Trolley was over \$2 per rider. Per tourist rider, the Day Tripper cost \$18, whereas the Downtown Trolley was approximately \$2.50 per tourist. When compared to all of the buses and trolleys in Scottsdale, the downtown trolley with ten-minute frequencies, was slightly under \$3 per rider, whereas the average of other agencies was \$3.50 per rider. Trolleys run by other agencies in downtown Scottsdale averaged \$2.56 per rider.

Commissioner Grupp inquired about the data as compared to other comparable cities in the U.S. Mr. Basha responded that it would be difficult to compare cities because the type of service offered varies dramatically from location to location. Generally speaking, service provided in Scottsdale is superior to many other locations in North America, in that more money than average is spent to encourage tourism.

Mr. Basha said staff recommended three criteria to be used when evaluating the trolley:

- a) That ridership exceed 700 per day
- b) That the cost per rider be less than the citywide bus/trolley average
- c) That the percentage of Scottsdale hotel guests riding the trolley exceed 60%

Mr. Basha reported that actual peak daily ridership was much lower than anticipated. The percentage of visitors staying in Scottsdale hotels was about 34%, but many tourists interviewed were uncertain of what city they were staying in exactly. A number of riders were visiting family and friends who reside in Scottsdale. Considering this percentage, he felt the real measure should have been the number of riders engaged in tourist activities.

Commissioner McCreary inquired whether any changes were anticipated for the program next year. Mr. Basha explained that a fifth trolley was added for the current fiscal year that ends in June of 2017. It is a morning express trolley that connects the downtown remote parking areas to the high employment centers.

Vice Chairperson Hirose said the data showing that 92% of users were engaged in tourist activities was encouraging. He felt the trolley would benefit from a more streamlined route that focused on Scottsdale Road. Most attractions are within two blocks of that street and the route would be easier for tourists to understand. This could also potentially reduce the number of trolleys required to service 10-minute intervals. Mr. Basha explained that the current route was designed by committee and he agreed it is circuitous. Some tourists rode the entire route without getting off, which suggests that they were afraid of getting lost somewhere. Staff is considering a proposal for two separate north/south routes running on Marshall Way and Brown Avenue. Other ideas that have been suggested are to have only an east/west trolley running along Main Street, or a trolley only running on Fifth Avenue and Stetson Drive. The main problem with routes on single streets is that turnarounds can dramatically affect the schedule.

Vice Chairperson Hirose felt the Museum of the West would make a good turnaround point. He inquired about the possibility of making the change prior to the peak season rather than waiting nine months. Mr. Basha said the route could be altered, but dramatic changes can cause problems. This is an exceptional route, however, considering its tourist focus. Karen Churchard added that staff will be printing the annual downtown directory in the next few weeks, which will include several trolley maps. A smaller printing run could be done initially, while a second run covers the rest of the year once the route changes are made, but this approach will likely cost more.

Vice Chairperson Hirose inquired about the possibility of reducing the amount of money required from the bed tax fund for this project. Mr. Basha explained that it would be difficult to justify using transportation funds to cover the whole of the downtown trolley because it is an ancillary transportation service. It seems more reasonable to use hotel bed tax monies for a primarily tourist-oriented trolley route. Using only transportation sales tax money would also require other trolley routes around the city to be discontinued at a time when there is considerable pressure to increase such services. Vice Chairperson Hirose inquired about the viability of establishing a connection between downtown Scottsdale and Scottsdale Quarter. Mr. Basha said in 2018, a limited service express shuttle is scheduled to begin running between downtown Scottsdale and the Thunderbird Park & Ride lot. Adding a stop to this route would have both positive and negative consequences.

5. Experience Scottsdale First Quarter Performance Measures Report

Rachel Pearson reported that the Scottsdale Convention and Visitors Bureau is changing its name to Experience Scottsdale. Major placements will begin in January, including TV commercials and transit station dominations in New York and Chicago. The holiday campaign is now in its fifth season and a whole host of new offerings are being included this year. The Second Annual Scottsdale Sonoran Fam Tour recently brought in 17 meeting planners and one journalist. Travel Classics West provides an opportunity to expose Scottsdale to freelance writers and travel editors.

Most of the performance measures are on track. Those that have fallen behind are mostly due to timing issues. The convention sales and services team is on track to meet its performance measures in leads, bookings and room nights generated. The communications team is meeting its goals for article generation. The tourism team is connecting with travel agents and tour operators.

6. Manager Reports

a. Staff Bed Tax Report

Steve Geiogamah reported that bed tax revenue for the month of September was up 34%, which is one of the biggest gains since the bed tax increase. Restaurant sales tax collections were up 6%, while miscellaneous retail sales tax was up 8%. All year to date numbers are up as well. Commissioner Ashmore said part of the explanation for the dramatic increase is that a large group that normally meets each October in Scottsdale moved their meeting date to September for this year only. This impacted six or seven big hotels. There has also been a 15% influx in leisure travel. Vice Chairperson Hirose noted that two Jewish holidays that are normally soft travel periods fell in October this year instead of September.

b. Staff Bed Tax Classification Report

Mr. Geiogamah said resorts were up 18% post-classification change and 21% pre-classification. Limited properties were up 13% post and up 12.4% pre-change. Full service properties were up 7.3% post, and up 7.1% pre change.

c. Bed Tax Proforma

Mr. Geiogamah summarized that the proforma now reflects updates, including actuals, event funding allocations, and recent City Council recommendations related to event funding. The WestWorld Municipal Use Master Site Plan funding recommendation will be presented to City Council on November 28.

Vice Chairperson Hirose noted that the TDC agreed to share half of the \$300,000 cost for the WestWorld Municipal Use Master Site Plan, but now that proposed allocation could be higher. Mr. Geiogamah clarified that in addition to the TDC's recommendation of \$150,000, City Council is considering drawing the full amount from the bed tax fund. Vice Chairperson Hirose reiterated his belief that WestWorld benefits interests beyond just tourism, and felt the costs should be shared accordingly.

d. Smith Travel Report

Mr. Geiogamah summarized that the average daily rate was up 1.6% over a 12-month period. Revpar was up 2%, and occupancy was flat. For the group market, ADR was up 2%, revpar was flat, and occupancy was down 1.6%.

e. Program Updates

Mr. Geiogamah reported that the Special Event Sign Ordinance Open House is scheduled for December 6 and 7 for initial public feedback regarding criteria for special event signage. Cheryl Sumners, Events Manager, added that the Planning Department will handle temporary and semi-permanent signs, while Tourism will take special event signs. This ordinance will reduce current restrictions on sign placement and processes.

Mr. Geiogamah noted that City Council received an update regarding the Civic Center Mall and moved forward with initiating the Municipal Master Use Site Plan. On November 28, City Council will hear a status update regarding the Desert Discovery Center. Public meetings will be held on the DDC on November 30.

Ms. Churchard announced that the Scottsdazzle Tree Lighting Ceremony is on Friday, November 25 at Soleri Plaza. Commissioner Dillenbeck inquired about the merchant response to Scottsdazzle. Ms. Churchard explained that merchants are extremely pleased that the City is stepping up to promote the event, and the hotels have been very enthusiastic supporters, though website deals have been slow to materialize so far. Many associations will be discussing Scottsdazzle in their meetings this week.

7. Public Comment

There were no public comments.

8. Identification of Future Agenda Items

The next scheduled meeting is December 20, 2016. Possible agenda items include a presentation by Mike Fox on marketing the Museum of the West, a review of the draft work study agenda, and new criteria for event development. Commissioner Dillenbeck said the TDC was supposed to hear recommendations for funding the Tourism Strategic Plan Update. Ms. Churchard responded that this issue will be presented in either December or January. Vice Chairperson Hirose requested updates on the trolley route changes when they become available. Commissioner Ashmore asked for a follow-up report on the Food and Wine Festival.

Adjournment

The meeting adjourned at 9:04 a.m.

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